

BEST NEWSLETTER

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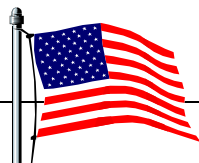
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BEST Homepage: www.afpc.randolph.af.mil/dpc/BEST/menu.htm

EBIS: www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm

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COMMENTS FROM OUR BRANCH CHIEF

The end of another year is almost here. Not only is this the busiest time of year for the Benefits and Entitlements Service Team (BEST), it's a time when you, the employee, have many benefits-related decisions to make.

- Thrift Savings Plan (TSP) Open Season: The TSP open season began 15 Oct 02 and ends 31 Dec 02. Are you currently contributing? Do you need to change your contribution amount? During this open season, CSRS employees may contribute 8% of basic pay, and FERS employees may contribute 13%.
- Federal Employees Health Benefits (FEHB) Open Season: FEHB Open Season began 11 Nov 02 and runs through 9 Dec 02. Are you happy with your current health plan? Is your health plan one of those that has dropped out of the FEHB program for 2003? Now is the time for you to conduct the research necessary to ensure you are enrolled in a health plan that meets the needs of you and your family. During FEHB Open Season you may also change your participation in premium conversion.
- Long Term Care (LTC) Insurance Open Season: The end of the Long Term Care Open Season is almost here -- 31 Dec 02. Statistics received from LTC Partners indicate they have received 28,585 abbreviated underwriting applications and 60,301 full underwriting applications. 13% of applicants are age 30 – 50, 44 % are age 51 – 65, and 42% are 66 or over. From this you can see that the majority of applicants are 51 years of age and over. But don't forget, the younger the applicant, the cheaper the insurance. If you are interested in Long Term Care insurance, don't miss this opportunity to apply during this open season. Applications must be postmarked NLT 31 Dec 02. For current employees, we don't know when the next LTC Open Season will be.

Effective 16 Dec 02, BEST benefits counselor availability hours are changing. The new service hours will be 7:00 a.m. to 6:00 p.m. Central Standard Time (CST). The reason for the one hour reduction in servicing hours is because of the low number of calls received between 6:00- 7:00 p.m. CST.

MARIA F. MOLLY
Chief, Benefits and Entitlements Branch

CALENDAR OF EVENTS

FEHB Open Season: 11 Nov - 9 Dec 02 TSP Open Season: 15 Oct - 31 Dec 02

Long Term Care Insurance Open Season: 1 Jul - 31 Dec 02

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HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) OPEN SEASON

The FEHB Open Season started 11 Nov 02 and will continue through 9 Dec 02. During the open season, you may enroll, change health plans or options, change to self and family, change to self-only, cancel health coverage entirely, or change your participation in premium conversion (waive or begin participation). If you are currently participating in premium conversion and you want to cancel your enrollment or change to self-only, you may do so during the open season without having a qualifying life event. Any changes made during this open season will be effective 12 Jan 03.

Enrollees who wish to continue their current FEHB enrollment and premium conversion elections do not need to take any action during this open season. **However, enrollees whose plans will not be participating in the FEHB program after 31 Dec 02, or whose plans are dropping the enrollment code they are enrolled in, MUST enroll in a different plan to continue FEHB coverage in 2003.**

This year, there are approximately 6,300 employees whose plans are either dropping out of the FEHB program entirely or reducing/splitting service areas. We have mailed letters to employees affected by these changes, and the health plan should also notify employees of any changes. Plans dropping out for 2003 are Western Health Advantage (enrollment code 5Z), Rocky Mountain HMO (code XJ), Health Net of Connecticut (code DP), SecureCare of Iowa (code 3Q), Welborn HMO (code H3), Univera Healthcare (codes QE and SH), Health Net of New York (code PD), KeystoneBlue (code EF), HMO Blue Texas (code YX), Healthkeepers (code X8), and Unity Health Plans (code W4). Plans reducing their service area by terminating an enrollment code include Aetna Health (enrollment codes 7L in Indiana and Kentucky; 8L in Nevada; and TG in New York), and Health Net of PA (code 27).

The 2003 FEHB Guide and health plan brochures are available on the Office of Personnel Management's (OPM) web site at <http://www.opm.gov/insure/health/index.htm> and the Benefits & Entitlements Service Team (BEST) homepage. The FEHB Guide contains a comparison chart that gives general information about each plan and the 2003 premium rates. Don't rely solely on the Guide. If you are interested in making an enrollment change after reviewing the Guide, you should consult the plan's brochure for a complete description of benefits. In addition, unless it is dropping out for 2003 your current health plan will send you a copy of its brochure. Be sure you review the section of the brochure that describes how benefits have changed for 2003.

OPM has announced that FEHB premiums for 2003 will increase an average of 11 percent. Premiums for Health Maintenance Organizations (HMO) will increase an average of 13.6 percent, down from last year's 14 percent, while Fee-for-Service plans will increase an average of 10.5 percent, down from last year's 13 percent.

You will make your open season election or change by using the BEST automated system by web or phone. Employees electing self and family coverage can do so through the BEST web-automated Employees Benefits and Information System (EBIS) without the assistance of a counselor. If using the phone, you will need to make the election during our normal business hours, Monday – Friday, 7 a.m. to 7 p.m. central standard time (CST), and be transferred to a counselor to capture dependent data or other insurance information. For this reason, we encourage employees enrolling in self and family to use the EBIS web system. EBIS also allows you to see the information, and obtain a printout of the transaction, but the most important advantage is you can do all this by yourself. If using the automated telephone system, you will press “1” for FEHB from the benefits main menu, press “5” to make an open season election, and then follow the prompts.

Your FEHB enrollments and changes are forwarded to the health carriers via electronic data feed. This enables the carriers to more quickly process your enrollment and forward your enrollment cards. If you should need to visit a doctor prior to receiving your enrollment card, you can obtain a copy of your SF-2809 (Health Benefits Election Form) through the BEST automated phone system. You will press “8” from within the FEHB module for a faxed copy of your most recent SF-2809. You can use the SF-2809 as proof of enrollment until you receive your enrollment card from the carrier. Overseas employees may obtain a faxed copy of SF 2809 in the same manner.

If you have any questions or problems, you may reach a Benefits Counselor through our automated phone system by pressing “0” within the FEHB module. Counselors are available Monday through Friday, from 7 a.m. to 7 p.m., CST. Please, don't wait until it is too late to make a change. Open season runs only from 11 Nov through 9 Dec 02. Start reviewing the new plan brochures today.

Don't forget to review your Leave and Earnings Statement (LES) to ensure your elections are accurately reflected. Open season elections will be effective 12 Jan 03 and will be reflected on your 31 Jan 03 LES.

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HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

HOW TO HAVE A PLEASANT FEHB OPEN SEASON EXPERIENCE

The annual Federal Employees' Health Benefits (FEHB) Open Season is always a busier-than-normal period for the Benefits and Entitlements Service Team (BEST) and our automated systems. This year, the FEHB Open Season is 11 Nov to 9 Dec 02 - that's a total of 29 days. How can you make your open season experience more pleasant? Use the BEST automated web system, Employees Benefits and Information System (EBIS), to make your election, or if you prefer the phone system, don't wait until the last day of open season which is 9 Dec 02. Whenever you decide to make your health insurance election, and whether you use the web or phone system, just remember the last few days of the open season are the busiest. During those days, due to a sharp increase in user volume, EBIS response time may be slower and employees calling the phone system may experience a longer wait time to speak with a counselor. Another way to make the enrollment process flow more smoothly is to have the names, birth dates, social security numbers, and zip codes of your dependents ready. Help us to help you – don't wait until the last day of the open season to make your enrollment change.

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LONG TERM CARE (LTC) INSURANCE OPEN SEASON ENDS 31 DEC 02

FEHB plans do not cover long term care or the cost of long term care! Long term care insurance is designed to help cover the cost of services for people needing assistance with activities of daily living (custodial care), such as eating, dressing, and bathing, or who have a severe cognitive impairment such as Alzheimer's disease. Long term care can be received at home, an adult day care center, a hospice, an assisted living facility, or a nursing home.

You can protect yourself against the high cost of long term care by applying for coverage in the Federal Long Term Care Insurance Program (FLTCIP). The LTC Open Season is coming to a close on 31 Dec 02. You still have time to take advantage of the abbreviated underwriting form and have your premiums based on your age as of 1 Jul 02. You and your spouse are eligible during the open season to fill out the abbreviated underwriting form, which means answering 7 questions (9 for spouses) regarding your medical history. You can still apply after the open season, but you will have to answer over 20 medical questions, provide medical file, and possibly undergo a medical interview. In addition, your premiums will be based on your age at the time LTC Partners receives your application.

Your qualified relatives are also eligible to apply for coverage. This includes your current spouse, adult children, parents, parents-in-law, and stepparents. Your eligible family members can still apply even if you do not.

If you want to apply for coverage, you have to take action – you won't receive an application automatically. The LTC Partners website, <http://www.ltcfeds.com>, offers online applications, an interactive calculator to provide customized price quotes based on age and choice of benefits, and educational resources. You may also call 1-800-582-3337, or if hearing impaired, TDD 1-800-843-3557, to speak to a certified long term care insurance specialist.

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HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE (FEGLI) NEW PREMIUMS AND AGE BANDS

The Office of Personnel Management (OPM) periodically reviews the FEGLI premiums to determine whether changes are necessary. Because of generally lower mortality rates, OPM has decided to reduce the premium for Basic insurance and several of the Option B age bands, and add new age bands for Options B and C. **These changes are effective the first full pay period in January 2003, which for most employees will be 12 January 2003.**

Basic life insurance:

Current employees: the cost is reducing from \$0.155 to \$0.150 (per \$1,000 of coverage).

Monthly rate (for retirees): If electing the 75 percent reduction and under age 65, the cost is reducing from \$0.3358 to \$0.3250 (per \$1,000 of coverage). It will still be free after age 65. If electing the 50 percent reduction and under age 65, the premium is reducing from \$0.9258 to \$0.9250 (per \$1,000 of coverage). After 65, the cost increases 1 cent from \$0.59 to \$0.60. If electing no reduction and under age 65, the cost is decreasing from \$2.3758 to \$2.1550 (per \$1,000 of coverage). After 65, the cost decreases from \$2.04 to \$1.83.

Option A: No changes for current employees or retirees.

Option B: Premiums are reducing for several of the current age bands. The age band 60 and above is being expanded into new age bands for ages 60-64, 65-69, 70-74, 75-79, and 80 and over. The premiums for the new age bands will change over the next 3-year period. We'll publish the new premiums for these age bands for 2004 and 2005 when they are announced.

Option B: Cost Per \$1,000 of Coverage for 2003

Age Band	Biweekly Rate	Monthly Rate
Under 35	\$0.03 No change	\$0.065 No change
35-39	\$0.04 No change	\$0.087 No change
40-44	\$0.06 No change	\$0.130 No change
45-49	\$0.09 Down from \$0.10	\$0.195 Down from \$0.217
50-54	\$0.14 Down from \$0.15	\$0.303 Down from \$0.325
55-59	\$0.28 Down from \$0.31	\$0.607 Down from \$0.672
60-64 (Previously 60 & over)	\$0.60 Down from \$0.70	\$1.300 Down from \$1.517
65-69 (New)	\$0.71 Up from \$0.70	\$1.538 Up from \$1.517
70-74 (New)	\$0.87 Up from \$0.70	\$1.885 Up from \$1.517
75-79 (New)	\$1.07 Up from \$0.70	\$2.318 Up from \$1.517
80 & Over (New)	\$1.27 Up from \$0.70	\$2.752 Up from \$1.517

Option C - No changes to premiums for existing age bands, except 70 and over is changed and expanded to 70-74, 75-79, and 80 and over.

Option C: Cost Per Multiple of Coverage for 2003

Age Band	Biweekly Rate	Monthly Rate
Under 35	\$0.27 No change	\$0.59 No change
35-39	\$0.34 No change	\$0.74 No change
40-44	\$0.46 No change	\$1.00 No change
45-49	\$0.60 No change	\$1.30 No change
50-54	\$0.90 No change	\$1.95 No change
55-59	\$1.45 No change	\$3.14 No change
60-64	\$2.60 No change	\$5.63 No change
65-69	\$3.00 No change	\$6.50 No change
70-74 (Previously 70 & over)	\$3.40 No change	\$7.37 No change
75-79 (New)	\$4.50 Up from \$3.40	\$9.75 Up from \$7.37
80 & Over (New)	\$6.00 Up from \$3.40	\$13.00 Up from \$7.37

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HEALTH INSURANCE, LIFE INSURANCE AND THRIFT SAVINGS PLAN

THRIFT SAVINGS PLAN (TSP) OPEN SEASON REMINDER

TSP Open Season started 15 Oct 02 and will continue through 31 Dec 02. Federal Employees' Retirement System employees may contribute up to 13 percent of their basic pay, and Civil Service Retirement System employees may contribute up to 8 percent. The maximum amount employees may contribute to TSP in 2002 is \$11,000, and in 2003, \$12,000.

Open season enrollments made between 15 Oct through 30 Nov 02 will be effective 1 Dec 02. Elections made during Dec 02 will be effective at the beginning of the pay period following the one in which the election is made. You can make your TSP contribution election or change through the BEST automated web or phone system. Should you need assistance with either the BEST web or phone automated systems, you can reach a counselor through the phone automated system. Benefits Counselors are available Monday through Friday, 7 a.m. – 7 p.m. Central Standard Time. More detailed information on the TSP Open Season is available in the October 2002 BEST Newsletter.

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ANNUAL LIMIT ON ELECTIVE DEFERRALS - TSP

Elective deferrals are tax-deferred contributions that you make to your TSP account instead of receiving those amounts as pay. Because they are tax-deferred, your TSP contribution is not included in your taxable gross income for the year in which contributed. The Internal Revenue Service (IRS) code limits the amount of income you may elect to defer during a tax year. Currently the IRS annual limit is \$11,000 and in 2003 will be \$12,000.

For most employees this is not an issue. However, if you are a Federal Employees' Retirement System (FERS) employee and you make over \$91,666 in 2002 and \$92,307 in 2003, the elective deferral limit may apply to you. If you reach the annual limit, your contributions will be suspended for the remainder of the year. And, as a FERS employee, your Agency Matching Contributions will also be suspended. The annual deferral limit does not apply to the Agency Automatic (1%) Contribution received by FERS employees – they are entitled to receive the Agency Automatic Contribution whether or not they make employee contributions.

If you are a high-salaried FERS employee, you should keep the annual contribution limit in mind when deciding how much to contribute to your TSP account each pay period. If you reach the annual maximum too quickly, you could lose the opportunity to receive some Agency Matching Contributions because you only receive Agency Matching Contributions on the first 5 percent of your basic pay that you contribute each pay period.

Determining how much to contribute and when to make your contribution election can be tricky with the new TSP Open Season dates. The current open season runs from 15 Oct through 31 Dec 02. If you make your election between 15 Oct and 30 Nov 02, the effective date will be 1 Dec 02 with a corresponding pay date of 20 Dec 02. If you are planning to increase your contribution rate and wish to ensure the new rate bounces against the 2003 annual limit, be sure to make your election AFTER 30 Nov 02. The corresponding pay date for any TSP election made on or after 1 Dec 02 will fall in 2003. For example, an election made on 1 Dec 02 will be effective 15 Dec 02, with a pay date of 3 Jan 03.

We recommend you review the TSP fact sheet "Annual Limit on Elective Deferrals" on the TSP website at <http://www.tsp.gov/forms/index-factsheets.html>, for more information. TSP also has a great Elective Deferral calculator available at <http://www.tsp.gov/calc/contributions/index.html>.

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TSP RECORDKEEPING SYSTEM FURTHER DELAYED

The new TSP record keeping system, which was first to have been implemented in Sep 02, and postponed until Nov 02, has now been indefinitely delayed due to the system not being able to process very high volumes of TSP transactions with enough reserve time to resolve any processing problems that might arise. We will keep you posted on the future implementation date, although the Board has advised it will not take place until at least after the first of the year.

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RETIREMENT

Full Service Employees

myPay AND RETIREMENT

What is “myPay”? It’s a Defense Finance and Accounting Service (DFAS) program, formerly known as Employee/Member Self Service (E/MSS), that puts you in the driver’s seat by allowing immediate access to your pay information and the ability to change your pay preferences online.

What’s so great about myPay? It saves time by eliminating the need to write letters or fill out forms in order to change your pay information. Instead, you can make changes to your pay online with the touch of a finger. With myPay, you can view, print, or save your leave and earnings statements; view and print tax statements; start, change or stop Federal and State tax withholdings; make home address changes; start or update your direct deposit information; and more.

What does myPay have to do with retirement? Well, if you are planning to retire, have you ever wondered how the Office of Personnel Management (OPM) will know how much Federal income tax to withhold from your annuity pay, what bank account to deposit your annuity pay in, or what address to send your civil service account (CSA) number to? When you retire, certain data automatically flows from the payroll system to the OPM. This data includes your mailing address, direct deposit information, and Federal tax withholding information. Your annuity payment will be deposited into the same bank account your current salary is being deposited in, and OPM will mail your CSA number to your current mailing address.

If you know before you retire that this information will be changing, we recommend you use myPay to make the necessary changes at least two pay periods prior to your retirement effective date. Otherwise, please wait until you receive your CSA number from OPM before you make any changes in order to avoid a possible delay in receipt of your annuity pay.

You may access myPay via Internet or touchtone telephone. On the Internet, the myPay website is located at <http://www.dfas.mil/mypay/> or <https://mypay.dfas.mil>. Using a touchtone phone, contact myPay at 1-877-363-3677 if calling from within the continental U.S. If calling from outside the continental U.S., call commercial (478) 757-3119. For myPay purposes, your social security number is your Login ID. When your pay account first became available through myPay (or the former E/MSS), DFAS mailed you a temporary Personal Identification Number (PIN), which you were required to customize the first time you used the system. If you do not know or have forgotten your temporary PIN, you will need to obtain a new temporary PIN from DFAS.

To obtain more information about myPay, please visit the myPay website. A lot of good information about myPay, including instructions for obtaining a new temporary PIN, or changing your current PIN, can be found in the Frequently Asked Questions (FAQs).

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